



Administration's utility restructuring plan debuts

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—Bill Richardson

The Administration's recently released Comprehensive Electricity Competition Plan should have little or no effect on how Western does business in terms of providing open transmission access. But the proposed legislation could impact us in other ways.

Forwarded to Congress April 15 by Energy Secretary Bill Richardson, the plan is intended to promote competition in the electricity industry by allowing consumers to choose their own electricity suppliers. He said the proposal would save consumers money, change how electricity is produced, spark innovations in technology and provide benefits to the environment.

The proposal would subject Western to Federal Energy Regulatory Commission jurisdiction for open access and transmission rate-making by making Western subject to the Federal Power Act as a matter of law.


"We have already complied with FERC's open access rules, so this proposal will potentially have little or no effect on how we do business in that arena," Administrator

Mike Hacskeylo said. "However, changing the standards by which our transmission rates are judged could be a little more uncertain."

Western's transmission rates are now set at the "lowest cost consistent with sound business principles" in compliance with Reclamation law. Evaluating Western's transmission rates against the Federal Power Act standard of "just and reasonable rates" could result in the same or different outcomes.

According to Richardson, electricity restructuring at the state level is "among the hottest issues facing state legislatures."

Twenty states have already taken restructuring action and almost every other state is considering such action. Richardson said the proposed Federal legislation will "provide the tools needed to ensure that electricity markets operate as competitively and reliably as possible."

For more information on the plan, access DOE's Web page through Western's homepage or at www.doe.gov. Look under "Department Highlights" at bottom of the page. 

How the Plan would affect consumers

According to an analysis by DOE, the Comprehensive Electricity Competition Plan would save consumers money. More specifics for consumers of the plan are outlined here.

Retail competition: Retail customers would be able to purchase power from the supplier of their choice by Jan. 1, 2003. (States or non-regulated utilities, however, would be able to "opt out" if consumers would be "better served by the current monopoly system or alternative retail competitive plan.")

Consumer information: Electricity suppliers must disclose to consumers price, terms and condition information, type of energy resource used and its environmental impact.

Low-income consumers: States and utilities must continue to assure that low-income residential customers have service comparable to other

residential customers and that all retail electricity suppliers share equitably the costs to provide such service.

Unfair trade practices: Retail customers would be protected by Federal Trade Commission Act policies which disallow unfair trade practices—called "slamming and cramming"—that could inhibit consumer choice or result in wrongful charges.

Consumer database: DOE would establish a database containing information to help residential electric customers compare electric suppliers.

Model retail supplier code: DOE would develop a model code for the regulation of retail electricity suppliers for the protection of consumers.

Model electric utility worker code: DOE would set standards for electric utility workers to ensure utilities are operated safely and reliably.